

MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
DECEMBER 1, 1994  
CHICAGO, ILLINOIS

A Regular Meeting of the Illinois Gaming Board was held on December 1, 1994 in Room 500-C of the State of Illinois Building, 160 North LaSalle Street, Chicago, Illinois. The meeting was held pursuant to previous Board action and notice was duly and timely given to each Board Member and the general public in conformity with the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and, Members J. William Roberts and Robert F. Vickrey.

In addition, Interim Administrator Joseph F. McQuaid, Deputy Administrator Thomas Swoik; members of the media and the general public were in attendance.

Chairman Johnson called the meeting to order at 11:02 A.M.

Mr. Roberts moved that pursuant to the Open Meetings Act, 5 ILCS 120/2 (g), (h) and (k) that the Board retire to a Closed Session for the following subject matter:

1. Staff reports regarding Supplier Licenses
2. Staff reports regarding Occupational Licenses
3. Matters concerning Owners Licenses that were confidential pursuant to the Open Meetings Act
4. Recommendations of the Administrative Law Judge
5. Investigatory matters
6. Personnel matters
7. Pending litigation, and
8. Procedures of the Board.

Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 11:04 A.M.

The Illinois Gaming Board reconvened in Open Session at 2:30 P.M. Members William B. Browder and Gayle S. Pyatt had joined Members Johnson, Roberts and Vickrey during Closed Session and were in attendance.

The first order of business concerned approval of minutes.

Ms. Pyatt moved that the Minutes of the Regular Meeting of October 25, 1994 be approved as submitted. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was the Administrator's report. The Chairman recognized Interim Administrator McQuaid.

Mr. McQuaid first presented the Cruise Disruption Report. Staff was instructed to make an analysis of non weather or mechanical related disruptions

and cancellations and where appropriate, draft complaints for consideration of the Board.

Mr. McQuaid next reviewed the Underage Gambling Report. The Board asked staff to make an analysis of the reasons for the variances in the numbers of age verifications made by licensees.

Mr. McQuaid next offered clarifying comments concerning Empress River Casino Corporation. He stated that the licensee would suspend operations on Empress I from December 12 thru December 16, 1994 for scheduled maintenance. Empress II will remain in operation during that time.

Nicholas Wilke next appeared on behalf of the Administrator to discuss an alternative to tax collection on unaccounted chips and tokens, (commonly known as the "float"). Mr. Wilke stated that staff was recommending that tax calculation on the casino float be made on a monthly basis and that licensees be allowed to pre-pay estimated taxes due. He said that adoption of the recommendation would help staff accurately reconcile tax liabilities due from licensees.

Mr. Roberts moved to suspend Board procedure to consider the staff recommendation immediately. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Roberts moved to allow owner licensees to calculate the wagering tax related to chip and token "float" on a monthly basis rather than daily basis and to provide for pre-payment of wagering tax to compensate for day-to-day chip and token float fluctuations. The staff shall determine the amount of pre-payment necessary and communicate that information to the owner licensees so it becomes effective December 31, 1994. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Deputy Administrator Thomas Swoik next appeared on behalf of the Administrator. Mr. Swoik told the Board that a Request for Proposal, (RFP), was ready to be issued publicly to solicit vendors for operation of a compulsive gambler's hot line. Mr. Swoik told the Board that staff was suggesting that further appropriate action be recommended to establish a clear state policy on the issue of compulsive gambling treatment in Illinois. The Chairman stated that the Board was prepared to move forward with the appropriations that had been authorized and continue evaluation of the issue and noted that compulsive gambling is a larger issue than just riverboat gambling and the Illinois Gaming Board. He said that staff should seek direction from the Bureau of the Budget. Mr. Roberts stated that it was important to issue the RFP even though the money appropriated was modest. Without objection, staff was instructed to issue the RFP.

Staff Counsel Georgia Kolettis next appeared on behalf of the Administrator regarding an issue involving Bicycle Acquisition Corporation, a licensed supplier. Ms. Kolettis told the Board that Bicycle Acquisition Corporation had sold their subsidiary, Bicycle Playing Cards, on November 18, 1994 to a group of 29 employee investors. Bicycle had requested the Board to invoke Rule 3000.260, Waiver of Requirements, so that Bicycle could continue to sell gaming equipment and supplies in Illinois. Ms. Kolettis stated that staff

review indicated that the Board could not invoke Rule 3000.260 as the request was not to waive a licensing procedure, but was in fact a request to waive a license, an act prohibited by the Riverboat Gambling Act. Staff was instructed to advise counsel for the entity to submit the appropriate application for licensing.

The next order of business concerned Owner Licensee Issues. The Chairman recognized Elgin Riverboat Resorts.

Mr. David Belding appeared on behalf of the licensee. He requested Board approval of a re-capitalization of Elgin Riverboat Resorts. He noted that information concerning the re-capitalization would be submitted for staff review. The matter was deferred to the January, 1995 meeting of the Board.

The Chairman next recognized Alton Gaming Company.

Mr. Joe Uram appeared on behalf of the licensee. He requested approval for a \$125 million line of credit from Bank of America. Collateral for the line of credit would be satisfied by all of the assets of Argosy Gaming Company. Mr. Uram stated that the purposes for the funds had yet to be determined but that funding would be to enhance existing facilities and for potential future projects.

Mr. Roberts moved that the request to obtain a line of credit from Bank of America in the amount of \$125 million received from Alton Gaming Company be approved. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman next recognized Reverend Thomas Gray. Reverend Gray told the Board that he encouraged the Board to adopt a policy that tied requests for additional financing received from owner licensees to development of their Illinois facilities. Chairman Johnson noted that it was economically important to allow and encourage Illinois business entities to invest to the full limit of the law. He noted that to do otherwise could make the Illinois business entity ripe for takeover.

The Chairman next recognized Casino Queen Inc.

Mr. John Janicik appeared on behalf of the licensee. He first addressed the monthly cruise disruption report noting that Casino Queen had cruised 64% of scheduled daily cruises. He noted that 12 cruises had been canceled due to mechanical difficulty, while another 3 had been canceled due to heavy barge traffic in the St. Louis port area. Mr. Janicik noted that the licensee had filed the requested parts failure report requested by Mr. Vickrey. Mr. Vickrey suggested changes to the report to clarify what information had been requested.

There was discussion concerning the wind velocity that would necessitate a cruise cancellation. Staff was instructed to query all licensees to determine such information. Member Pyatt asked questions concerning cancellations due to barge traffic and whether gaming had occurred under such circumstances. She expressed concern that gaming had occurred despite prohibition by the Act and Rules of the Board. Mr. Janicik acknowledged that gaming had occurred during those cancellations. He also told the Board that while the U.S. Coast Guard had not ordered the Casino Queen not to sail, the decision of the vessel master was the controlling factor in maintaining passenger safety.

The Chairman next recognized Hollywood Casino-Aurora, Inc.

Mr. Richard Knight appeared on behalf of the licensee. He first reviewed the October, 1994 cruise disruption report. He noted that 108 scheduled cruises had been cancelled, 71 of which were mechanically oriented. Mr. Knight observed that 67 of those were canceled by order of the U.S. Coast Guard. In addition, 24 cruises were disrupted.

Mr. Edward Pratt appeared to request approval of a financial proposal totalling \$20 million which included an unsecured construction loan of \$5 million from Merchants Bank of Aurora. He noted that detailed information had been submitted to staff. The request was deferred to the January, 1995 meeting.

The Chairman asked questions concerning planned expansion of City of Lights I. Mr. Pratt told the Board that the vessel would be out of service approximately 30 days. He noted it was anticipated that the time period would begin in April, 1995.

The Chairman next recognized Empress River Casino Corporation.

Mr. Kevin Larson appeared on behalf of the licensee. He requested Board approval to renew a \$20 million line of credit obtained from Bank of America. The matter was deferred to January, 1995.

The Chairman next recognized Par-a-Dice Gaming Corporation.

The licensee was represented by Messrs Charles Smith and John Janicik. Par-a-Dice requested the Board to approve renewal of an Owner's License. A video presentation was shown highlighting the licensee's community involvement in East Peoria and the greater Peoria area. The video noted that Par-a-Dice had employed 1100 people with an annual payroll of \$20 million, and had spent significant dollars on the purchase of local goods and services; two new hotels had been constructed and an additional two restaurants had opened. It was noted that another convention hotel and two more restaurants were scheduled to begin construction in 1995. The video stated that over 4 million admissions had been recorded and that Par-a-Dice held the best cruising record in Illinois.

The Honorable Harold Fogelmark, Mayor Pro tempore of East Peoria, Illinois appeared on behalf of Mayor Jeffrey D. Giebelhausen. Mr. Fogelmark read a statement authored by Mayor Giebelhausen which u& ed Àÿÿ & a a ÀAw0@ ..Ê\$

Q33f Ÿ or Par-a-Dice Gaming Corporation. The statement noted the contributions made by Par-a-Dice Gaming Corporation to the city.

Mr. Charles Smith, Chairman of the Board, appeared and made brief comments reenforcing the elements of the video presentation.

The matter was deferred to the January, 1995 meeting. It was noted that the Owner's License would expire on February 14, 1995.

Mr. Janicik next requested Board approval of a \$10 million revolving line of credit from Bank of America. The line of credit would be unsecured for two years. Mr. Janicik stated that information had been submitted to staff for review. The matter was deferred to the January, 1995 meeting.

The next item of business concerned Supplier's Licenses.

Mr. McQuaid recommended renewal of a Supplier's License for Pratt Management, Ltd.

Mr. Roberts moved that the application received from Pratt Management, Ltd. to be renewed as a supplier of gaming management services be approved. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next item of business concerned Occupational Licenses.

Mr. Roberts moved that the Board accept the staff reports and recommendations and approve the applications for an Occupational License, Level 1 submitted by the following individuals:

Rosemarie Cook  
Robert Fry  
Robert Galvin  
Hans Kloss  
Michael Liebert  
Richard Marino.

Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Roberts moved that the Board accept the staff report and recommendations and approve the applications received for Occupational License, Levels 2 and 3. It was noted the motion included 168 Level 2 and 327 Level 3 applications. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Roberts moved that the Board accept the staff report and recommendations and deny the applications received for Occupational License, Levels 2 and 3. It was noted the motion included 3 Level 2 and 7 Level 3 applications. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Roberts moved that the Board deny the requests for hearing submitted by the following individuals in that the requests failed to comply with Rule 3000.405:

Howard Campbell  
James Cosentino  
Jeffrey Henderson  
Alicia Herrera  
Roberto Perez  
Eduardo Sanchez  
Cecil Whitney.

Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next item of business concerned reports of the Administrative Law Judge.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and deny the application for an Occupational License for Ronald Pitts. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and revoke the Occupational License of Ronald Burbach. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and suspend the licensing privileges of John Lannan for a period of three years. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned pending investigations. Chairman Johnson noted that investigations had been discussed during Closed Session and invited motions for consideration of the Board.

Ms. Pyatt moved that a two count complaint for disciplinary action, 94-DC-11, against Hollywood Casino-Aurora be issued and that Hollywood Casino-Aurora be fined in the amount of \$75,000.00. The complaint involved Hollywood Casino-Aurora's failure to promptly notify the Board's Administrator of the use in play of two roulette wheels with potential defects. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the complaint for disciplinary action, 94-DC-12, against Hollywood Casino-Aurora be issued and that Hollywood Casino-Aurora be fined in the amount of \$15,000.00. The complaint involved Hollywood Casino-Aurora's acquisition of gaming equipment and failure to include a payment to The Bud Jones Company in its Gaming Equipment , po 057 , a a Çwn1@ ..Êß Q33ð, İÿÿairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the complaint for disciplinary action, 94-DC-13, against The Bud Jones Company be issued and that The Bud Jones Company be fined in the amount of \$7,500.00. The complaint involved The Bud Jones Company's sale of gaming equipment which was not on The Bud Jones Company's list of equipment

offered for sale to Illinois owner licensees. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the complaint for disciplinary action, 94-DC-14, against H.P. Inc. be issued and that H.P. Inc. be fined in the amount of \$30,000.00. The complaint involved H.P. Inc. obtaining a loan without approval of the Board. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman announced that the next meeting of the Board would be held on January 17, 1995.

There being no further business to come before the Board, Mr. Roberts moved the Board stand adjourned. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board stood adjourned at 4:14 P.M.

Respectfully submitted,

---

James A. Nelson  
Secretary of the Board

